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C O N F I D E N T I A L SECTION 01 OF 02 YAOUNDE 000729

SIPDIS

STATE PASS TO EEB/IFD/OMA FOR BRIANA SAUNDERS

E.O. 12958: DECL: 08/15/2019

TAGS: CM EAGR ECON EFIN

SUBJECT: CAMEROON'S FINANCE MINISTER ON TRANSPARENCY AND AGRICULTURE

REF: A. REF A: STATE 81177

1B. REF B: YAOUNDE 724

1C. REF C: YAOUNDE 518

Classified By: Pol/Econoff Erik Martini for reasons 1.4 b and c

11. (C) Summary: On August 20, Ambassador called on Cameroonian Finance Minister Essimi Menye to discuss budget transparency and Cameroon's finances. Menye did not offer any concrete steps the GRC would take to improve budget transparency. He promoted agriculture as key to Cameroon's economy and finances and defended Cameroon's decision to take advantage of the IMF's Exogenous Shocks Facility. He was shocked by the recently published Foreign Policy magazine Failed States Index. End Summary.

Menye Pleads for More Time on Governance and Transparency

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12. (C) On August 11, Ambassador sent Prime Minister Philemon Yang a letter with ref A talking points on budget transparency, copying Menye and the Ministers of Economy and Foreign Affairs. When the Ambassador raised the issue in her meeting with Menye on August 20, he said the GRC shared information on the budget if asked and pointed out that he shared budget information with the IMF every quarter. He said the GRC was engaged in reform with various donors and he was shocked at the bias against Cameroon in the U.S., as evidenced by the recent Foreign Policy Failed States Index (ref B). He said Cameroon had the right to "decide what we do here" and criticized the U.S. Congress for requiring budget transparency without first asking Cameroon for more information.

13. (C) Ambassador reminded Menye that the U.S. transparency requirement was not directed only at Cameroon and said she wanted to be able to tell Washington Cameroon is taking concrete steps to make its budget more transparent. Menye told the Ambassador that the U.S. didn't really provide much aid to Cameroon anyway, remarking the European Union recently built 50 kilometers of road for free. He complained that the U.S. didn't send anything to Africa, instead concentrating all its aid on the Middle East and oil producing countries. He pleaded "don't leave Cameroon to the Chinese." When the Ambassador said she thought he would be surprised with all the aid we provide here, Menye said he would like just a small slice of what President Obama was giving to U.S. companies.

14. (C) Menye explained that Cameroon needed more time and training to improve its governance, asking for U.S. training assistance. He said Cameroon hasn't been able to recruit for the past 20 years because of the strict regulations imposed by the IMF. Although Menye said the freeze on government hiring has adversely affected the capacity of the GRC to execute its investment budget, he highlighted a program of

direct deposit payments of invoices and salaries that would help.

Menye Sees Agriculture as Key to Cameroon,s Economy

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15. (C) Menye emphasized that that the key to the economy is agriculture. He said the GRC would invest in short-term crops, like maize and pineapples, to stimulate the economy quickly. Additionally, Menye wanted to increase production of cocoa, coffee and livestock. Menye bemoaned the drop in cocoa production, saying Cameroon's current 200,000 tons per year should be one million by 2020. He noted China is becoming a customer of chocolate. He said Nigeria buys more than 50% of Cameroon's livestock and most of the rice produced in Bamenda. While Menye welcomed agribusiness, especially for pineapples, he believed government must take the lead by, for example, facilitating transportation of fertilizer. He lamented the demise of agricultural extensions to help small farmers increase production; the previous French cocoa extension agents were kicked out by President Ahidjo and went to Cote d'Ivoire.

ESF to Help Cameroon Close Budget Gap

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16. (C) Menye commented he was having trouble balancing the budget because Cameroon was deriving less revenue from sales of rubber, cotton, timber and oil, but paying civil service employees more after last year's pay increase. The recent Exogenous Shocks Facility (ESF) would go directly to budget support, to bridge a \$160 million gap, and to address balance

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of payments issues, particularly to import medicine, according to Menye. Menye promised a Poverty Reduction Strategy Paper would be ready soon and he claimed his relationship with the IMF was good. He discounted recent press reports lambasting the GRC for taking the ESF, pointing out the terms of the ESF were better than anything else the GRC could have obtained, even by tapping its reserves in the BEAC (Note: The ESF must be repaid beginning in 2014 at 0.5% interest. Withdrawing reserves from BEAC would have entailed stiff penalties (ref C). End Note).

Comment

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17. (C) Menye was disappointing in his response on budget transparency, demonstrating his characteristic prickliness to outside criticism. We will work with others in the government at various levels to impress upon them the increased efforts needed to improve transparency. Menye's interest in agriculture is sensible, although he has been beating the same drum for over a year with no evident impact on the agriculture situation. Many Cameroonian share Menye's dim view of the IMF as the perceived root of many of Cameroon,s governance problems. Nonetheless, Menye recognizes he needs continued IMF support and continued engagement from the Fund should help keep up the pressure for greater budget transparency.

GARVEY